

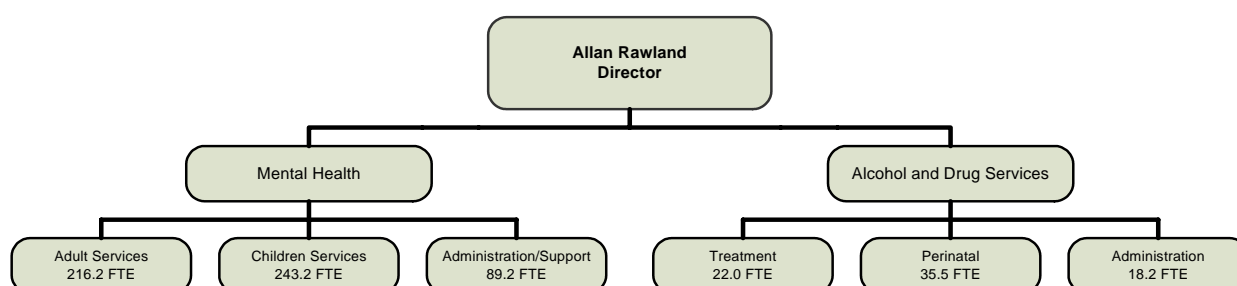
BEHAVIORAL HEALTH

Allan Rawland

MISSION STATEMENT

The Department of Behavioral Health will help individuals living with the problems of mental illness and substance abuse to find solutions to challenges they face so that they may function well within their families and the community. The Department of Behavioral Health staff will be sensitive to and respectful of all clients, their families, culture and languages. The Department of Behavioral Health will use the taxpayers' money wisely to meet its goals while following all governmental guidelines and requirements. The Department of Behavioral Health will provide a pleasant workplace for its staff members so that they may be creative and effective in their jobs. The Department of Behavioral Health will provide a pleasant environment for clients in which to receive services.

ORGANIZATIONAL CHART



SUMMARY OF BUDGET UNITS

	2005-06				
	Appropriation	Revenue	Local Cost	Fund Balance	Staffing
Behavioral Health	126,367,241	124,524,488	1,842,753		549.6
Alcohol and Drug Services	19,104,240	18,954,782	149,458		75.8
Special Patient Account	-	-		-	-
Driving Under the Influence Programs	337,672	122,713		214,959	-
State Block Grant Carryover Program	4,228,844	1,539,219		2,689,625	-
Court Alcohol and Drug Program	1,037,578	407,687		629,891	-
TOTAL	151,075,575	145,548,889	1,992,211	3,534,475	625.4

DESCRIPTION OF MAJOR SERVICES

The Department of Behavioral Health (DBH) is responsible for providing mental health services to county residents who are either unable to afford treatment or do not live in proximity to private services. Treatment is provided to all age groups, with primary emphasis placed on treating children, families and chronically mentally ill adults (in that priority). Services are delivered throughout the county via a network of department-operated clinics, community based contract providers (residential and psychiatric skilled nursing facilities and acute hospitals), public schools, and other community based settings. Services include: information and referrals, community outreach, client self-help and support groups, a variety of children's programs, mentally ill homeless program, employment services, case management, crisis and transitional residential assistance, augmented board and care placements, conservatorship services, supportive housing services and client transportation assistance. The department also operates as a training setting by administering various internship programs and offering continuing education for licensed department and contractor staff.

Mental health services are principally funded by realignment funds generated from state sales tax and vehicle license fees (approximately 48%) and state & federal revenues (46%). The remaining 6 percent of revenue sources are insurance/patient fees, reimbursements, other miscellaneous revenue, and local cost. The local cost of \$1,842,753 represents the required realignment revenue maintenance of effort (MOE).



BUDGET AND WORKLOAD HISTORY

	Actual 2003-04	Budget 2004-05	Actual 2004-05	Budget 2005-06
Appropriation	117,902,648	114,699,507	110,863,219	126,367,241
Departmental Revenue	116,059,895	112,856,754	109,020,466	124,524,488
Local Cost	1,842,753	1,842,753	1,842,753	1,842,753
Budgeted Staffing		565.9		549.6

Workload Indicators

Direct billable hours: Clinic	228,505	226,811	181,542	293,542
Direct billable hours: Contract	125,121	119,430	94,812	134,527
Direct billable hours: Fee for Service	43,896	32,617	30,770	36,936
Medical Administrative Activity Hours	36,488	34,579	19,768	37,690
Quality Assurance Hours	30,347	18,638	9,834	12,341
Outreach hours clinic & contract	12,039	8,993	18,128	18,500
Day treatment hours: Habilitative (Clinic & contract)	30,382	27,676	30,904	21,682
Day treatment hours: Intensive	65,247	20,960	43,840	23,078

Overall expenditures for 2004-05 were under budget by approximately \$3.8 million.

In a continuing effort to reduce the use of Realignment fund balance to cover ongoing expenditures, DBH held some positions vacant throughout the year, which resulted in salary savings of \$3.6 million.

Services and supplies were \$2.4 million under budget. The variance is due to the following:

- Computer software expenses of \$2.0 million did not occur due to delays in implementing the new MEDITECH client data system. These costs are now expected to be incurred in 2005-06.
- Contract agency expenditures, which were \$1.9 million less than budgeted due to smaller than anticipated contract expenditures in the following programs: Children's Residential & Intensive Services, Early Periodic Screening, Diagnosis and Treatment (EPSDT) services, general Mental Health services, and institutions for mental disease (IMDs).
- Minor reductions in phone charges, inventoriable equipment, and training of approximately \$0.3 million.

These decreases were offset by increases in:

- Prior year expenditures of \$0.9 million were not accrued in the 2003-04 year-end process and therefore are included in 2004-05 expenditures.
- Additional fee-for-service contract payment costs of \$0.5 million for outpatient services due to the expansion of the provider base.
- Additional expenditures for remote pharmacy costs of \$0.4 million.

The variance in other charges of \$610,237 is due to over-utilization of state hospitals beds due to the difficulty of placing clients in alternate care facilities. The Department has just entered into an agreement with a facility that will accept some clients currently placed in state hospitals. This agreement will assist in reducing the use of state hospitals.

Operating transfers out are \$399,999 more than budget due to an increase in Inpatient Managed Care costs.

Actual reimbursements are \$660,548 less than budget primarily due to under-spending of CalWORKs allocation funds. The department continues its efforts to maximize this funding source.

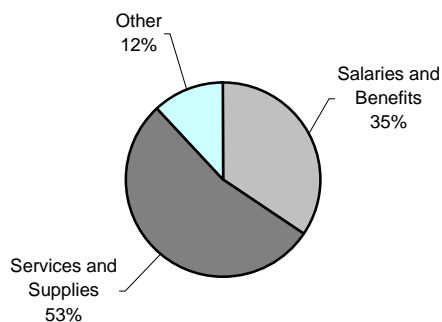
Actual state revenues were \$6.4 million more than budgeted due to state restoration of the 2004-05 managed care allocation, an increase in the state participation rate, and increased Early, Periodic Screening, Diagnosis, and Treatment (EPSDT) funding. Actual federal revenues were \$3.0 million more than budgeted due to a revised estimate of federal Medi-Cal reimbursement. Other miscellaneous revenues were \$200,000 over budget. As a result of the increased state, federal, and other revenue, combined with the decrease in total requirements of \$3.8 million, actual Realignment revenue utilized in 2004-05 was \$13.4 million less than budgeted.



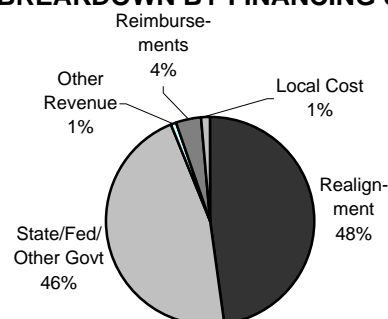
Workload indicators variances between actual and budgeted for 2004-05 existed in the following areas:

- Direct billable hours – Clinic: Staffing levels were lower in 2004-05 than budgeted, resulting in less direct billable hours than budgeted.
- Direct billable hours – Contract: Contracted services provided in 2004-05 were less than budgeted. The department continues to expand its EPSDT contract network to provide services to children, but the estimates for 2004-05 only reflect a partial year of operation. The budget for 2005-06 reflects the impact of full year operation.
- Medical Administrative Activity (MAA) Hours: Staffing levels were lower in 2004-05, resulting in less MAA activity billings than budgeted. Additionally, in 2003-04, staff had been directed to secure funding for 17D (unfunded) clients by primarily contacting them in the community. These activities were billed to MAA.
- Quality Assurance hours: The scope of activities that can be claimed to this revenue source were reduced. Additionally, the reduction can be attributed to staff turnover and vacancies. The 2005-06 budget is based on the assumption that vacancies will be filled and staff will properly code their time.
- Outreach hours (Clinic & Contract): DBH implemented improved time employee tracking procedures and increased its monitoring of employee productivity. As a result, the department is able to more accurately track outreach hours. Additionally, Mental Health Services Act (MHSA) activities require significant outreach to community stakeholders and focus groups as part of the development of the MHSA plan.
- Day Treatment hours– Habilitative and Intensive: The 2004-05 budget contained a planned shift from Habilitative to Intensive Day Treatment to better serve consumers. The estimates and the proposed budget confirm this program change.

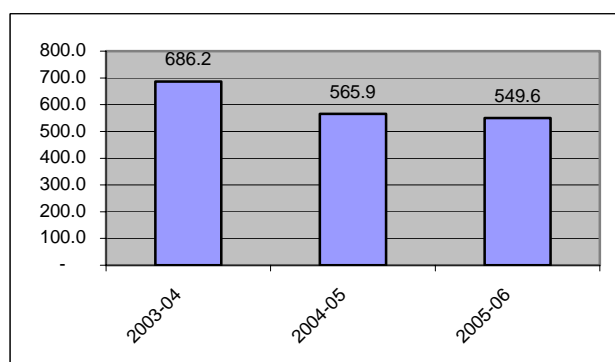
2005-06 BREAKDOWN BY EXPENDITURE AUTHORITY



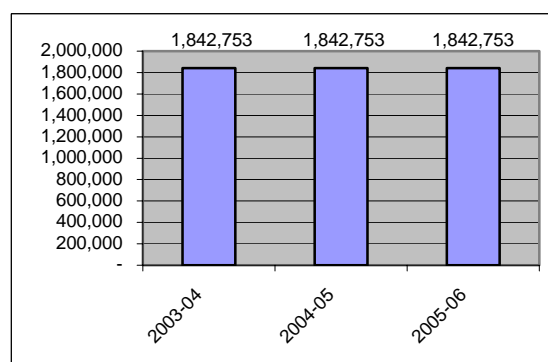
2005-06 BREAKDOWN BY FINANCING SOURCE



2005-06 STAFFING TREND CHART



2005-06 LOCAL COST TREND CHART



The majority of Behavioral Health services are funded with State Realignment revenues. In recent years, the budget has included a combination of ongoing Realignment funds as well as use of unspent Realignment fund balance. However, to better align spending with receipt of ongoing Realignment funding, the department made



significant cuts in the 2004-05 budget. The 2005-06 final budget continues to align ongoing expenditures with ongoing Realignment funding.

The total increase in the 2005-06 final budget is \$11.7 million. The increases described below are from budget to budget and include the cost to maintain services and midyear board-approved increases.

Salaries and benefits will increase by approximately \$2.9 million while budgeted staffing will decrease by a net 16.3 positions. Cost increases of \$3.8 million are related to increased costs in retirement, workers compensation, MOU costs, the Board approved clerical study, the addition of two positions for the Adelanto Jail facility, and the addition of four positions for Prop 63 Mental Health Services Program Planning. This increase is partially offset by cost decreases of \$0.9 million due to reduction in budgeted staffing. The 2005-06 final budget includes the addition of 25.5 positions, of which 2.3 are included in the Board Approved Base Budget; the deletion of 17.0 positions; one reclassification; a net of 2.0 positions transferred to ADS; and the reduction of 22.8 positions to reflect current year staffing needs.

The increase in services and supplies of \$7.4 million is primarily due to increases in contracted services such as Fee for Service contracts, incorporated doctors, contracts for therapeutic behavioral services, wraparound services, and children's specialty residential services. Other increases include ambulance costs for transporting clients from ARMC to other hospitals, computer equipment to replenish old equipment, and malpractice insurance. These costs increases of \$8.3 million were partially offset by decreases of \$0.9 million from COWCAP charges, ISD charges, risk management insurance, and minor decreases in miscellaneous expenses.

Central computer charges are decreasing by \$43,088.

Other charges are increasing by \$137,418 due to increased bed usage in the state institution facilities.

Equipment is increasing by \$60,000 to replace selected computer servers.

Transfers out to other departments are increasing by \$194,590 due to increases in lease costs, services provided by the Human Resources Department and the Public Guardian Department. These increases were partially offset by decreases in administrative support provided by Human Services System and Alcohol and Drug Services.

Reimbursements from other departments will decrease by \$166,795 primarily due to the elimination of a Program manager no longer needed by the Department of Children Services and a minor reduction in the CalWORKS allocation. These decreases were partially offset by an increase in lease costs paid by Alcohol and Drug Services.

Operating transfers out are projected to increase by \$950,000 due to an anticipated increase of \$700,000 in inpatient fee-for-service costs based on current year trend and a new CIP request in the amount of \$250,000 for building renovations needed to ease staff overcrowding on Gilbert Street.

Revenue changes are detailed as follows:

- \$7.3 million increase in Realignment to cover salary and contract increases. Ongoing Mental Health Realignment revenues for 2005-06 are estimated at \$60.3 million. The 2005-06 final budget continues to align ongoing expenditures with ongoing Realignment funding. Of the total Realignment revenue budgeted for 2005-06 (\$62.5 million), \$60.3 million is for on-going operating costs and \$2.2 million is for one-time costs. The one-time costs consist of \$1.9 million for costs related to the new MEDITECH system implementation, \$250,000 for building renovation costs, and \$65,000 for one-time server and equipment purchases.
- A net increase of \$4.5 million in state and federal revenue. State and federal revenue increased by \$5.8 million primarily due to increased Medi-Cal billing rates, increases in the number of services provided to Medi-Cal and EPSDT eligible children, and an increase in the PATH homeless grant. This increase was partially offset by a decrease of \$1.3 million from the Federal Emergency Management Agency (FEMA) grant that concluded in December 2004.
- Current services decreased by \$31,104 to reflect current year collections of insurance payments.
- Other revenue decreased by \$307,595 to reflect current year collections of IMD Supplemental Security Income (SSI) payments and revenue from clients receiving interim assistance.



The Mental Health Services Act (MHSA) was passed by voters in November 2004 as Proposition 63, and established a state personal income tax surcharge of 1% on taxpayers' whose annual taxable income exceeds \$1.0 million. This surcharge provides funding to expand mental health services, primarily in community services and supports, education/training, prevention/early intervention, and innovative programs. DBH is currently in the initial planning stage on how to expand services to utilize the increased funding. The department's initial allocation of \$0.5 million, accepted by the Board on May 17, 2005 #70, is included in the final budget and will be used for the planning stage, which is expected to take nine months. DBH will present to the Board in January 2006 its three-year plan for expenditure of MHSA funds. When funding is approved, DBH will present a midyear budget increase to the Board for approval.

GROUP: Administrative/Executive
DEPARTMENT: Behavioral Health
FUND: General

BUDGET UNIT: AAA MLH
FUNCTION: Health & Sanitation
ACTIVITY: Hospital Care

	2004-05 Actuals	2004-05 Final Budget	2005-06 Board Approved Base Budget	2005-06 Board Approved Changes to Base Budget	2005-06 Final Budget
Appropriation					
Salaries and Benefits	38,684,994	42,310,515	45,615,227	(453,085)	45,162,142
Services and Supplies	59,540,368	62,688,578	64,013,990	6,024,980	70,038,970
Central Computer	523,431	523,431	480,343	-	480,343
Other Charges	4,799,719	4,031,751	4,031,751	137,418	4,169,169
Equipment	-	-	-	60,000	60,000
Transfers	4,609,161	4,677,870	4,677,870	194,590	4,872,460
Total Exp Authority	108,157,673	114,232,145	118,819,181	5,963,903	124,783,084
Reimbursements	(4,477,326)	(5,175,391)	(5,175,391)	166,795	(5,008,596)
Total Appropriation	103,680,347	109,056,754	113,643,790	6,130,698	119,774,488
Operating Transfers Out	7,182,872	5,642,753	5,642,753	950,000	6,592,753
Total Requirements	110,863,219	114,699,507	119,286,543	7,080,698	126,367,241
Departmental Revenue					
Realignment	41,823,063	55,217,257	58,030,106	4,460,000	62,490,106
State, Fed or Gov't Aid	65,324,545	55,898,870	57,673,057	2,959,397	60,632,454
Current Services	200,403	293,974	293,974	(31,104)	262,870
Other Revenue	1,645,422	1,446,653	1,446,653	(307,595)	1,139,058
Total Revenue	109,020,466	112,856,754	117,443,790	7,080,698	124,524,488
Local Cost	1,842,753	1,842,753	1,842,753	-	1,842,753
Budgeted Staffing		565.9	568.2	(18.6)	549.6

DEPARTMENT: Behavioral Health
FUND: General
BUDGET UNIT: AAA MLH

BOARD APPROVED CHANGES TO BASE BUDGET

Brief Description of Board Approved Changes	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
1. New Positions 19.2 new positions are being requested for the following: 10.3 new positions for CalWORKs for providing better Mental Health services to CalWORKs clients and to better utilize the CalWORKs allocation funds. 2.6 Clinical Therapists 1.8 Social Workers 0.9 Mental Health Specialist 5.0 extra-help Public Service Employees to provide work experience to CalWORKs participants 6.5 positions to correct underfills 1.0 Storekeeper 1.0 Psychiatrist Technician I 4.5 Social Worker II 1.5 Staff Analyst II - One will replace a vacant funded Program Manager I position and the other is a new position needed due to workload in the Contracts unit. 0.9 Contract Clinical Therapist for Needles due to workload.	19.2	1,178,179	-	1,178,179
2. Net transfer of staff between the Mental Health budget unit (MLH) and ADS Five positions were transferred from MLH to ADS and three were transferred from ADS to MLH to more accurately reflect the duties and funding of positions.	(2.0)	(227,233)	-	(227,233)
3. Reclassification The department is requesting a reclassification of the Supervisor Accountant III position to an Administrative Supervisor II due to the duties assigned to this position.	-	4,793	-	4,793
4. Delete positions 17.0 positions will be deleted; 6.5 positions after underfills are corrected, 1.8 positions budgeted in error, and 8.7 positions that are either extra-help or contracts that are no longer needed.	(17.0)	(1,148,845)	-	(1,148,845)



BOARD APPROVED CHANGES TO BASE BUDGET

Brief Description of Board Approved Changes	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
5. Step increases 2.5% estimated for step increases.	-	784,718	-	784,718
6. Reduce budgeted staffing Reduce 22.8 budgeted staffing totaling \$1,508,868 to allow for vacancy in some positions due to delays in hiring.	(18.8)	(1,044,697)	-	(1,044,697)
** Final Budget Adjustment - Mid Year Item Increase in costs and state revenue of \$235,500 related to the Clerical Classification Study approved by the Board on April 5, 2005 #67.				
** Final Budget Adjustment - Mid Year Item The Board approved Prop 63 Mental Health Services Act Program Planning Funding from the Department of Mental Health on May 17, 2005 #70, which increased budgeted staffing by 4.0 positions at a cost of \$228,671.				
7. Computer Equipment Increase in computer equipment costs due to the continued implementation of the department's computer replenishing plan.	-	223,029	-	223,029
8. Professional and Special Service Increase in professional services mainly related to Increase in ambulance services costs for transporting clients from ARMC to other hospitals of \$1,178,252 and increase of \$254,075 in Special Department Expense related to Prop 63, which is partially offset by a minor decrease in other services of \$101,684, for a net increase of \$1,330,643.	-	1,330,643	-	1,330,643
** Final Budget Adjustment - Mid Year Item The Board approved Prop 63 Mental Health Services Act Program Planning Funding from the Department of Mental Health on May 17, 2005 #70, which increased Special Department Expense by \$254,075.				
9. Incorporated doctor costs Increase in salary costs to incorporated doctors due to potential Memorandum Of Understanding (MOU) increases.	-	309,359	-	309,359
10. Contract provider payments Increase due to provision of new Therapeutic Behavioral Services in 2005-06 and projected increased in Wraparound services and children's specialty residential services.	-	4,011,779	-	4,011,779
11. Fee for service contracts Increase in payments to fee-for-services contracts due to expanding the provider base.	-	375,200	-	375,200
12. Remote pharmacy costs Increase in pharmacy costs due to increasing drug costs.	-	425,502	-	425,502
13. COWCAP and Information Services Department (ISD) Charges Decrease in COWCAP charges of \$436,878 and decrease in ISD charges of \$168,325, for a net decrease of \$605,203.	-	(605,203)	-	(605,203)
14. Decreases in miscellaneous costs Net changes to expenses with the major decreases occurring in systems development as projects were completed in 2004-05; general maintenance; and leased equipment and structures.	-	(45,329)	-	(45,329)
15. Other charges Increase in State Hospital cost based on current State offsets and an increase in costs related to transporting indigents.	-	137,418	-	137,418
16. Equipment Equipment increased due to the planned replacement of computer servers.	-	60,000	-	60,000
17. Transfers Out Transfers are increasing due to the following: Increases: 1) in services provided by the Public Guardian Department of \$348,159 2) Rent costs paid to Real Estate Services of \$109,615 3) Human Resources support paid to the Human Resources Department of \$39,803 Partially offset by decreases in: 4) administrative support purchased from Human Services System in the amount of \$227,961 5) administrative support purchased from Alcohol and Drug Services in the amount of \$58,541 6) EHAP in the amount of \$16,485	-	194,590	-	194,590
18. Reimbursements Reimbursements are decreasing due to the following: 1) the elimination of a proposed transfer from the Department of Child Support for a Program Manager position in the amount of \$109,639 that was not needed in 2004-05 and that will not be needed in the upcoming year either. 2) a CalWORKs allocation reduction of \$90,602. 3) an increase in lease reimbursement from Alcohol and Drug Services in the amount of \$33,446.	-	166,795	-	166,795
19. Operating Transfers Out Operating transfers out increased due to an anticipated increase in Inpatient Fee-For-Service costs of \$700,000 based on current year trend and a new CIP requested to remodel Building #5 on Gilbert street to ease staff overcrowding in the amount of \$250,000.	-	950,000	-	950,000
20. Realignment Usage	-	-	4,460,000	(4,460,000)



BOARD APPROVED CHANGES TO BASE BUDGET

Brief Description of Board Approved Changes	Budgeted Staffing	Appropriation	Departmental Revenue	Local Cost
<p>The Department anticipates a total increase in Mental Health Realignment usage of approximately \$7.3 million. Out of this increase, \$2.8 million is due to MOU increases, workers compensation increases, retirement increases and mid year changes not covered by other revenue sources. The difference of \$4.5 million is primarily related to contract increases. Ongoing Mental Health Realignment revenues for 2005-06 are estimated at \$60.3 million. The 2005-06 proposed budget continues to align ongoing expenditures with Realignment funding. Of the total Realignment revenue needed for 2005-06 (\$62.5 million), \$60.3 million is for ongoing operating costs and \$2.2 million is for one-time costs. The one-time costs consist of \$1.9 million for costs related to the new MEDITECH client data system implementation, \$250,000 for building renovation costs, and \$65,000 for one-time server and equipment purchases.</p>				
21. State, Federal or Government Aid	-	-	2,959,397	(2,959,397)
<p>State aid increases -The Managed Care allocation was increased by \$1.0 million primarily due to the change in the Medi-Cal sharing percentage to 50/50. The proposed budget includes an increase of \$541K in EPSDT due to the steady growth of providers added during the past two budget years. Federal Medi-Cal is projected to increase by \$2.0 million based on higher state allowable billing rates, expanded clinic hours and the continued increase in the FFS managed care network. Federal revenue reflects a decrease of \$1.3 million due to the termination of the FEMA grant that was awarded to the department to provide services associated with the 2003 Wildfire Project. Other State or Federal increases total \$0.7 million and are attributed to minor increases in various grant and program revenues.</p>				
22. Current Services	-	-	(31,104)	31,104
<p>Insurance payments have been projected at the current trend. This is on a cash basis and fluctuates annually.</p>				
23. Other Revenue	-	-	(307,595)	307,595
<p>Other revenue decreased due to reduction in SSI revenue for IMD clients and revenue from clients receiving interim assistance to reflect current operating trends. In addition, the Wellness Grant was reduced based on the terms of the grant.</p>				
Total	(18.6)	7,080,698	7,080,698	-

** Final Budget Adjustments were approved by the Board after the proposed budget was submitted.

